

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6d

Date of Meeting June 2, 2009

DATE: May 17, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael Ehl, Director, Airport Operations
George England, Program Leader, Aviation Capital Improvement Program

SUBJECT: Complete the design work associated with the Compressed Natural Gas Fueling Facility and the early relocation of facilities as part of the Bus Maintenance Facility project.

ACTION REQUESTED: Request for authorization for Chief Executive Officer to complete 100% design, plans and specifications; amend, execute and award outside professional services agreements; and perform contract administration and execution for the Bus Maintenance Facility as part of the Rental Car Facility Design (CIP# C102167) project at the Airport for an additional \$607,000 which brings the total authorization to \$6,018,330 and the total Rental Car Program authorization to \$329,953,676.

SYNOPSIS:

The Bus Maintenance Facility (BMF), a project within the Rental Car Facility (RCF) program, includes a Compressed Natural Gas (CNG) fueling facility required to operate and maintain the planned rental car consolidated busing operation and the existing employee parking busing operation. The existing professional service agreement for architectural/ engineering services for the BMF project will be amended to include design and construction support services for the CNG fueling facility. Additionally, existing facilities must be relocated early from the BMF project site to support the construction of the adjacent Consolidated Maintenance Warehouse and Distribution Center project. Budget for these requests is already available and within the unallocated contingency portion of the RCF program budget that has already been approved by the Commission. Completion of the CNG fueling facility as part of the BMF project is the critical path and controls the opening of the RCF. If financing for the RCF program cannot be obtained then the design will stop immediately. Additional funding for all RCF program suspension costs including the BMF, and to advertise for bid the construction of the BMF will be requested in separate actions.

PROJECT DESCRIPTION AND JUSTIFICATION:

The project statement and objectives listed below are only for the BMF project.

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Project Statement:

Construct the Bus Maintenance Facility in time to support the rental car consolidated busing operation between the Main Terminal and the Consolidated Rental Car Facility.

Project Objectives:

- Minimize overall program capital and operating costs
- Provide a facility that supports existing and future planned rental car and employee parking busing operations
- Integrate effectively with adjacent projects, including the Consolidated Maintenance Warehouse and Distribution Center, future Aviation Maintenance Facility, and other future South Aviation Development Area facilities
- Provide a safe and functional facility with a supportive working environment

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The BMF project includes the following improvements, which are also identified in the attached Exhibit A:

- **Bus Maintenance Building:** the construction of a 22,000 square-foot facility that includes six maintenance bays, chassis wash, administration area, locker rooms, break rooms, and other support facilities.
- **Bus Wash/Clean Area:** the construction of an automatic bus wash facility, two exterior bus cleaning bays, and other support facilities.
- **CNG Fueling Facility:** the construction of a CNG fueling facility to provide two high-capacity transit-fueling dispensers.
- **Bus Parking Area:** a bus parking area to accommodate the employee parking and rental car bus fleets.
- **Employee Parking Area:** an employee parking area to support the Bus Maintenance Facility and future Aviation Maintenance Facility.
- **Site and Access Improvements:** the construction of site utilities, landscaping, sidewalks, driveways, retaining walls, and other supporting site and access improvements.

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Schedule:

- Design Completion: April 2010
- Advertise for Bids: April/May 2010
- Award Construction Contract: June 2010
- Start Construction: August 2010
- Substantial Completion: December 2012
- Startup of BMF Operations: February 2012
- RCF Opening: March 2012

STRATEGIC OBJECTIVES:

This project supports the Port's strategy to "Ensure Airport Vitality" and to "Exhibit Environmental Stewardship through our Actions." The BMF project is part of the RCF program, which provides a long-term solution for rental car operations at the Airport. In addition, the BMF project is pursuing a sustainable design and is considering the total cost of ownership as part of significant design decisions. The rental car consolidated busing operation will also be supported by a fleet of CNG powered buses in an effort to address regional air quality concerns.

BUSINESS PLAN OBJECTIVES:

This project supports the Aviation Division's Non-Aeronautical Business Plan Strategy. The BMF project is part of the RCF program, which provides a long-term solution for rental car operations at the Airport, which contributes to the Airport's non-airline net income.

FINANCIAL ANALYSIS:

Capital Budget/Authorization Summary:

The following capital budget and authorization summary is for the Rental Car Program and includes the Rental Car Facility Environmental Review (CIP #C100444), Rental Car Facility Schematic Design (CIP #C101610), Rental Car Facility Design (CIP #C102167), Rental Car Facility Construction (C#100266), and Rental Car Buses (CIP #C800032). This summary does not include the Rental Car Facility Property Acquisition (CIP #C101110).

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Description	Approved 2009 Budget	Budget Change	Current Revised Budget	Current Authorization
Cons. Rental Car Facility	\$323,003,700	\$6,300	\$323,010,000	\$322,946,000
Bus Maintenance Facility*	\$21,027,000	\$4,900,000	\$25,927,000	\$2,839,830
Off-Site Roadway Imp.	\$18,083,000	\$0	\$18,083,000	\$2,977,100
Main Terminal Imp.	\$3,023,000	\$0	\$3,023,000	\$583,746
Bus Purchase	<u>\$17,327,000</u>	<u>\$0</u>	<u>\$17,327,000</u>	<u>\$0</u>
Program Sub-Total	\$382,463,700	\$4,906,300	\$387,370,000	\$329,346,676
Unallocated Contingency	<u>\$29,869,000</u>	<u>(\$4,855,000)</u>	<u>\$25,014,000</u>	<u>\$0</u>
Program Total	\$412,332,700	\$51,300	\$412,384,000	\$329,346,676

* Today's requested authorization is included within the BMF budget.

As identified in the table above there is a \$51,300 total budget increase for the RCF program. This is the result of a transfer of \$64,000 from the Rental Car Facility Property Acquisition project to address incurred land rent costs, and a budget reduction of \$12,700 with the RCF Environmental Review project due to project savings.

The following capital budget and authorization summary is for Rental Car Facility Design (CIP #C102167) and includes the design and advance work for the BMF, including the CNG Fueling Facility, and Off-Site Roadway Improvements projects. The design and advance work for the RCF project is included in Rental Car Facility Construction (CIP #C100266).

Original Budget	\$4,551,330
Budget Transfers	<u>\$1,467,000</u>
Revised Budget	\$6,018,330
Previous Authorizations	\$5,411,330
Current request for Authorization	<u>\$607,000</u>
Total Authorizations, including this request	\$6,018,330
Remaining Budget to be Authorized	\$0

Project Cost Breakdown:

For the requested Authorization for Rental Car Facility Design (CIP #C102167):

Construction costs	\$66,000
Sales tax	\$6,000
Outside professional services	\$291,000
Other	<u>\$244,000</u>
Total	\$607,000

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Source of Funds:

The Rental Car Facility Design project (CIP #C102167) is included in the 2009-2013 capital budget and plan of finance as a committed project. The source of funds for this project, as identified in the plan of finance, includes Customer Facility Charge (CFC) revenues, bonds backed by CFC revenues, and the Airport Development Fund.

On October 21, 2008, the Commission authorized up to \$20 million in interim funding from the Airport Development Fund for the RCF program. A portion of these funds may be used to fund the BMF project on an interim basis. The requested authorization for an additional \$607,000 will not exceed the available project funding, which includes the additional \$20 million in interim funding.

On May 12, 2009, the Commission was briefed on the proposed financing plan for the entire RCF Program, which included an update on the forecasted expenditures and CFC collections for 2009. The requested authorization for an additional \$607,000 was included in the forecasted expenditures for 2009, which remains below the available CFC collections.

Financial Analysis:

The requested action does result in a change to the overall financial analysis for the RCF program as presented to the Commission in May 2008. At that time Port staff identified a total RCF program budget of \$412,320,000 of which staff believed that only \$382,451,000 would need to be authorized, leaving \$29,869,000 as unauthorized contingency budget. The costs for the CNG fueling facility equipment were not originally included in the BMF project costs as part of the RCF program. This change results in a \$4,445,000 increase to the BMF project budget, and a corresponding decrease in the unauthorized contingency budget. This combined with other budget transfers and corrections result in a revised program budget of \$386,970,000 and a remaining unauthorized contingency of \$25,414,000. Port staff will return to the Commission to request additional project funds due to the suspension of the construction of the RCF.

The majority (approximately two-thirds) of the \$4,445,000 increase in the BMF project costs will be funded by CFC revenues, or bonds backed by CFC revenues. The remaining portion will be funded by Airport Development Funds from costs allocable to the employee parking business unit. The BMF project cost increase will not affect the Airline Cost Per Enplanement (CPE).

SUSTAINABILITY AND LIFE CYCLE COSTS:

The BMF project team is pursuing LEED© certification for the Bus Maintenance building and will be completing a detailed energy modeling in an effort to reduce the operating costs for the facilities. The operating and maintenance costs for the BMF buildings and facilities are estimated at \$352,000 annually at day of opening. These costs will be proportioned between the rental car

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and employee parking programs. The rental car cost is anticipated to be \$236,000 and will be paid by CFC revenues as part of the overall rental car consolidated busing costs. The employee parking cost is approximately \$116,000 and is currently anticipated to be recovered by the monthly employee parking permit revenues.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Four alternatives were considered for the provision of the CNG fueling facilities to support the rental car consolidated busing operation. These alternatives include the following:

- Do-Nothing – Under this alternative additional CNG fueling facilities are not provided to support the rental car consolidated busing operation. The rental car consolidated busing operation is anticipated to increase CNG demand at the Airport by over 30% based upon existing activity levels. The existing CNG fueling facilities cannot support this level of increased demand and would negatively affect the existing users of the facility including the employee parking busing operation and a wide range of ground transportation services that support the Airport. This is not the recommended alternative.
- Expand the existing CNG Fueling Facility – Under this alternative the existing CNG fueling facility would be expanded to support the increased demand associated with the rental car consolidated busing operation. An estimated \$5.7 million would need to be invested into the existing facility. The operating costs for both the rental car and employee parking busing operations would also increase. In addition, when the future commercial development at the South Aviation Development Area is constructed, the expanded CNG fueling facility will need to be relocated. This would add a future cost of approximately \$3.4 million to relocate the existing equipment to the BMF site to support the rental car and employee parking busing operations. A separate facility would also be necessary, using third party funding as part of a concession agreement, to support the other CNG fueling facility users (ground transportation services, general public). This is not the recommended alternative.
- Expand the existing CNG Fueling Facility with fueling at the BMF Site – Under this alternative the existing CNG fueling facility would be expanded to support the increased demand associated with the rental car consolidated busing operation. However, instead of providing the fueling dispensers for the buses at the existing site, the dispensers would be provided at the BMF site. An estimated \$7.2 million would need to be invested to expand the existing facility and provide the fueling dispensers at the BMF site. In addition, when the future commercial development at the South Aviation Development Area is constructed, the expanded CNG fueling facility will need to be relocated. This would add a future cost of approximately \$1.5 million to relocate the existing equipment to the BMF site to support the rental car and employee parking busing operations. A separate facility would also be necessary, using third party funding as part of a concession agreement, to support the other CNG fueling facility users (ground transportation services, general public). This is not the recommended alternative.

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- Develop Separate CNG Fueling Facility – Under this alternative, a separate CNG fueling facility is developed on the BMF site to support the rental car and employee parking busing operations. An estimated \$4.8 million would need to be invested into the new CNG fueling facility. In addition, when the future commercial development at the South Aviation Development Area is constructed, no additional investment will be required to support the rental car and employee parking busing operations. A separate facility would also be necessary, using third party funding as part of a concession agreement, to support the other CNG fueling facility users (ground transportation services, general public). This is the recommended alternative.

TRIPLE BOTTOM LINE:

The development of a separate CNG fueling facility at the BMF site will provide the most cost effective solution for capacity expansion while supporting future development needs at the Airport. The existing CNG fueling facility will continue to support the Airport's CNG program, as well as other regional CNG efforts, until it is relocated by future development.

BACKGROUND:

The Port of Seattle currently has a concession agreement with Clean Energy to operate and maintain the existing CNG fueling facility at the Airport. This CNG fueling facility currently supports a number of Port operated vehicles (employee buses, fleet vehicles and equipment), a number of Airport-related privately operated vehicles (STITA taxicabs, courtesy vehicles), and the general public. This ten-year agreement expires in June 2012 and does not include provisions for the expansion of the facility to support the rental car consolidated busing operation.

When the BMF project was defined, the project included the assumption that the CNG fueling facility equipment would be provided through a third party concession agreement (private party) at no cost to the project. However, the CNG fueling facility improvements will exclusively benefit and be used by the Port since they are being driven by the rental car consolidated busing operation. Accordingly, the Central Procurement Office and Legal Department have concluded that these improvements implicate Washington's public works and prevailing wage laws. As a result, the provision of the CNG fueling facility equipment by a private party such as Clean Energy is not viable.

The Port of Seattle's Comprehensive Development Plan includes the development of the South Aviation Development Area at the Airport. This area includes the Consolidated Maintenance Warehouse and Distribution Center (currently under construction), the Bus Maintenance Facility, and a number of future facilities. The South Aviation Development Area site plan is shown in Exhibit B. The eventual development of Aviation Commercial properties will displace the existing CNG fueling facility at some time in the future. In addition, in order to provide access for the construction of the Consolidated Maintenance Warehouse and Distribution Center some

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existing facilities on the BMF project site need to be relocated. These costs are included in the existing BMF project budget.

Port staff is continuing to work with Turner Construction do develop the schedule for the restart of the RCF program. The preliminary schedule indicates that construction of the RCF should be substantially complete in October 2011, which would support the opening of the RCF in December 2011 assuming all the other program elements were also complete. The current schedule for the BMF project, assuming the authorization and immediate start of the design for the CNG fueling facility, results in the completion of the BMF by February 2012, which will support the opening of the RCF in March 2012. Port staff is currently working to try to minimize this three-month gap between the RCF and BMF projects, however, further delay of the CNG fueling facility design authorization will increase this gap on a day by day basis.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

The following list of previous Commission actions or briefings only related to the design of the BMF project and does not reflect the full list for the RCF program.

- February 27, 2007, the Commission authorized \$9,210,183, including \$6,460,183 in additional design funding for the RCF program and \$2,750,000 for preconstruction services and for demolition of buildings on the Consolidated Rental Car Facility site.
- May 13, 2008, the Commission authorized 1) \$3,574,300 in additional design funds for the RCF program, 2) the award of the GC/CM contract to Turner Construction Company and \$286,500,000 for the construction of the Consolidated Rental Car Facility, and 3) the execution of a change order in the amount of \$1,606,710 for additional construction staff and logistics facilities.
- October 21, 2008, the Commission authorized the use of up to \$20,000,000 in general Airport funds to provide temporary funding for the RCF program.
- December 15, 2008 the Commission authorized the suspension of most work under the contract for construction of the Consolidated Rental Car Facility for an indefinite period, not to exceed one year. Design for the BMF and Off-Site Roadway Improvement projects would continue.
- May 12, 2009 the Commission was briefed on the proposed financial plan for the RCF program.